COLABOR INCOME FUND

MANAGEMENT'S DISCUSSION & ANALYSIS

84-DAY PERIOD (2nd QUARTER) ENDED JUNE 14
FOR THE YEAR ENDING
DECEMBER 31, 2008

July 10, 2008

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1. Scope of MD&A

This Management's Discussion & Analysis ("MD&A") of Colabor Income Fund (the "Fund") discusses the operating results, cash flows and financial situation for the 84-day period ended June 14, 2008 (2nd quarter) of the fiscal year ending December 31, 2008. These financial statements are in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The financial statements have been published on SEDAR at www.sedar.com.

The Fund's fiscal year comprises thirteen 28-day periods. Three quarters comprise three 28-day periods each and the fourth quarter includes four 28-day periods. The Fund's year-end is December 31.

This report also contains information that is a non-GAAP measure of performance, such as the concept of earnings before financial expenses, amortization and income taxes (EBITDA) and the concept of standardized distributable cash. Since these concepts are not defined in Canadian GAAP, they may not be comparable with those of other funds.

2. Forward-looking Statements

The MD&A is intended to assist unitholders in understanding the nature and extent of changes and trends, as well as risks and uncertainties. Consequently, actual results may differ significantly from information reported or inferred in these statements. The main factors that could result in a significant difference between the Fund's actual results and the projections or expectations set out in the forward-looking statements are described under Risks and Uncertainties.

3. General

The Fund

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Quebec under a Declaration of Trust dated May 19, 2005. The Fund's units are traded on the Toronto Stock Exchange under the symbol CLB.UN.

The Fund owns a 74% interest in Colabor, Limited Partnership ("Colabor LP"), a limited partnership established under the laws of Quebec pursuant to a limited partnership agreement dated May 19, 2005, and amended June 28, 2005. The Fund carries out its business activities through Colabor LP.

Additional Information

Additional information on Colabor Income Fund may be found on SEDAR at www.sedar.com and on its information sites: www.colaborincomefund.com; www.colabor.com, www.summitfoods.com and www.dbertrand.ca.

4. Corporate Profile

Activities

Colabor was founded in 1962 and is a wholesaler and master food distributor serving the retail (small-sized grocery stores, convenience stores, etc.) and foodservice (cafeterias, restaurants, hotels, restaurant chains, etc.) markets.

It currently carries out its activities in two segments:

Wholesale Segment (Boucherville):

Sales of this Segment consist of food, food-related and non-food products that it purchases and supplies to wholesale distributors that, in turn, distribute the products to over 25,000 customers operating in the retail or foodservice market segments in Quebec and the Atlantic provinces. Approximately 90% of this Division's sales are covered by long-term contracts.

Products are sold either directly from its Distribution Centre ("warehouse sales") or through direct delivery from manufacturers and suppliers to the warehouses of wholesale distributors ("direct sales").

This Segment generally sells its products at the manufacturers' and suppliers' list price.
Accordingly, it generates gross profit on sales as follows:

a) From a profit on warehouse sales:
Through a mark-up of the cost price of its private brand-name products and by making purchases from manufacturers and suppliers before a price increase and subsequently selling such products at the manufacturer's new price. There is no profit margin on direct sales.

b) Primarily from rebates from suppliers:
These rebates consist of: (i) agreements with suppliers relating principally to distribution agreements, central billing, truck load allowance and other incentives, (ii) rebates received from suppliers based on buying volumes, (iii) cash discounts on purchases based on terms of sale, and (iv) net advertising funds received in connection with promotional activities.

This Segment operates a 371,120 square-foot distribution centre in Boucherville that employs 150 people and could be expanded to 650,000 square feet.

Distribution Segment

This Segment includes the following operating activities:

1. *Summit Food Service Distributors*

On January 8, 2007, Colabor LP acquired substantially all of the assets of Summit Food Service Distributors Inc. (“Summit”), one of the major foodservice distributors in the industry in Canada, from Cara Operations Limited (“Cara”). Summit distributes more than 8,000 products from warehouses in Ottawa, London and Mississauga to more than 3,000 customers, including Cara (Swiss Chalet, Harvey’s, Kelsey’s Neighbourhood Bar and Grill, Montana’s Cookhouse and Milestone’s Grill and Bar), Compass, Extendicare, other foodservice chains and independent restaurants as well as to institutions including hospitals, schools and government institutions. Summit’s product line includes frozen products, current consumption dry products, dairy products, meat, seafood, poultry and sanitation products.
This Division services the Ontario market primarily, but also distributes Cara restaurant products in Quebec.

Prior to the acquisition of *Bruce Edmeades Foodservice Distribution* described below, this division, with about 500 employees, operated three distribution centers, including the London head office, where administrative services are located.
These warehouses cover a total of 345,016 square feet, allocated as follows:
Toronto: 127,961 square feet
London: 113,595 square feet (could be expanded)
Ottawa: 103,460 square feet (could be expanded)

On March 17, 2008, Colabor completed the acquisition from Martin-Brower of substantially all of the assets of *Bruce Edmeades Foodservice Distribution*, one of the leading foodservice distributors in the Canadian industry with annual revenues exceeding $230 million for the year ended December 31, 2007.

Bruce Edmeades offers about 9,000 products and operates mainly out of an approximately 130,000 square-foot HACCP-certified warehouse in Cambridge, Ontario. It distributes to customers primarily in Southern Ontario, but also across Canada servicing several large and well-known customers, including Wendy’s, Mr. Sub and Zehrs and other customers operating in the restaurant, healthcare and education industries.

Bruce Edmeades is currently being integrated into the Summit Division. The integration is discussed in greater detail below, under Integration and Synergies.

2. *Bertrand, distributeur en alimentation*

On April 28, 2008, Colabor acquired all the outstanding shares of *Gestion Bertrand & Frères Inc.* (now called *Bertrand, distributeur en alimentation*), a leading independent distributor of food in Eastern Quebec and one of Colabor's most important affiliated wholesalers.

Bertrand, whose sales totalled $159 million for the 12-month period ended December 21, 2007, is a major distributor to foodservice and retail customers in the Québec City and Saguenay regions. The Company, which employs approximately 400 people, distributes over 12,000 products from its two strategically located warehouses in Lévis and Saguenay, totalling 231,000 and 133,000 square feet, respectively. Bertrand's customers consist primarily of foodservice operators, specialty food stores, institutional accounts such as healthcare institutions, schools and universities, certain other retail customers, in all reaching approximately 4,000 customers. With a complete product offering, including frozen products, dry staples, dairy products, fresh meat, fresh fish and seafood, poultry, fresh fruits and vegetables, disposables and sanitation products as well as meat transformation and preparation services, Bertrand therefore offers a "one-stop-shop" solution to its customers.

This Segment generates gross profit on sales as follows:

a) From a profit on warehouse sales:
Generated primarily from a mark-up of the cost price of products pursuant to rates negotiated with its customers.

b) From rebates from suppliers:
These rebates consist of: (i) rebates received from suppliers based on buying volumes, (ii) cash discounts on purchases based on terms of sale, and (iii) net advertising funds received in connection with promotional activities.

Almost 50% of this Segment's sales are covered by long-term contracts.

A significant percentage of the sales activities of the Fund's two segments is secured by long-term agreements and manufacturers' and suppliers' cost increases which can be passed on to customers, thereby significantly reducing its risk.

5. Main Resources and Competencies

5.1 Board of Trustees

The members of the Board of Trustees are listed below:

Trustee	Role	Occupation
Jacques Landreville	Chairman	Corporate Director
Richard Lord	Trustee and Chairman, Human Resources and Corporate Governance Committee	President and Chief Executive, Quincaillerie Richelieu Ltée
Robert Panet-Raymond	Trustee and Chairman, Audit Committee	Corporate Director
Claude Gariépy	Trustee	Executive Vice-President and Chief Executive Officer, Familiprix Inc.
Donald Dubé	Trustee	President, Edfrex Inc.

5.2 Management

Gilles C. Lachance	President and Chief Executive Officer	Colabor, Limited Partnership
Michel Loignon CA	Vice-President and Chief Financial Officer	Colabor Limited Partnership
Jack Battersby	President	Colabor Limited Partnership, Summit Division
Marko Potvin	Vice-President, Purchasing and Marketing	Colabor Limited Partnership
Denis Melançon	Vice-President and General Manager	Bertrand, distributeur en alimentation inc, a subsidiary of Colabor Limited Partnership

6. Performance Analysis

6.1 Results of Operations

The results of operations below should be read taking the following into account:

- Results subsequent to the Bruce Edmeades acquisition are included for the entire second quarter without a comparison to 2007;
- Results subsequent to the *Bertrand, distributeur en alimentation* acquisition are recognized, for the quarter, since April 28, 2008, also without a comparison to 2007;
- Integration costs and synergies from these acquisitions (see Integration and Synergies).

Consolidated Earnings (in thousands of dollars, except per unit amounts)

		2008-06-14 (84 days) (unaudited)		2007-06-16 (84 days) (unaudited)		Variance	
		$		$		$	%
Sales		278,721	100.00%	200,210	100.00%	78,511	39.21%
Earnings before financial expenses, amortization and income taxes		9,428	3.38%	6,327	3.16%	3,101	49.01%
Financial expenses		1,628	0.58%	1,552	0.78%	76	4.90%
Amortization of property, plant and equipment		875	0.31%	798	0.40%	77	9.65%
Amortization of intangible assets		1,827	0.66%	1,655	0.83%	172	10.39%
		4,330	1.55%	4,005	2.01%	325	8.11%
Earnings before income taxes and non-controlling interest		5,098	1.83%	2,322	1.15%	2,776	119.55%
Income taxes	Current	1,114	0.40%		0.00%	1,114	N/A
	Future	934	0.34%		0.00%	934	N/A
		2,048	0.74%		0.00%	2,048	N/A
Earnings before non-controlling interest		3,050	1.09%	2,322	1.15%	728	31.35%
Non-controlling interest		1,903	0.68%	799	0.40%	1,104	138.17%
Net earnings		**1,147**	**0.41%**	**1,523**	**0.75%**	**(376)**	**(24.69)%**
Basic and diluted net earnings per unit		$0.09		$0.15			

		2008-06-14 (166 days) (unaudited)		2007-06-16 (167 days) (unaudited)		Variance	
		$		$		$	%
Sales		458,750	100.00%	362,877	100.00%	95,873	26.42%
Earnings before financial expenses, amortization and income taxes		14,783	3.22%	10,974	3.02%	3,809	34.71%
Financial expenses		3,051	0.67%	3,090	0.85%	(39)	(1.26)%
Amortization of property, plant and equipment		1,521	0.33%	1,443	0.40%	78	5.41%
Amortization of intangible assets		3,460	0.75%	3,180	0.88%	280	8.81%
		8,032	1.75%	7,713	2.13%	319	4.14%
Earnings before income taxes and non-controlling interest		6,751	1.47%	3,261	0.89%	3,490	107.02%
Income taxes	Current	1,319	0.29%		0.00%	1,319	N/A
	Future	1,193	0.26%		0.00%	1,193	N/A
		2,512	0.55%		0.00%	2,512	N/A
Earnings before non-controlling interest		4,239	0.92%	3,261	0.89%	978	29.99%
Non-controlling interest		2,501	0.55%	1,192	0.33%	1,309	109.82%
Net earnings		**1,738**	**0.37%**	**2,069**	**0.56%**	**(331)**	**(16.00)%**
Basic and diluted net earnings per unit		$0.16		$0.21			

Sales

Sales consist of:

For the Wholesale Segment: Gross sales to customers from the Boucherville warehouse and direct sales to affiliated wholesalers, less rebates of about 3% of the affiliated-wholesalers' sales, as provided in the agreement between Colabor LP and the affiliated-wholesalers.

For the Distribution Segment: Gross sales to customers from the London, Mississauga, Ottawa, Cambridge, Lévis and Saguenay warehouses less rebates, as provided in individual agreements with these customers.

Inter-segment sales are then eliminated.

Sales (in thousands of dollars, unaudited)

	2008-06-14 (84 days)			2007-06-16 (84 days)	Variance		Variance	
	(Comparable sales)	(Post-acquisition sales)	(Total sales)	(Comparable sales)	(Comparable sales)		(Total sales)	
	$	$	$	$	$	%	$	%
Wholesale Segment								
Retail	31,341		31,341	29,573	1,768	6.0%	1,768	6.0%
Foodservice	80,977		80,977	73,609	7,368	10.0%	7,368	10.0%
	112,318		112,318	103,182	9,136	8.9%	9,136	8.9%
Distribution Segment								
Foodservice	100,370	76,727	177,097	97,028	3,342	3.4%	80,069	82.5%
	212,688	76,727	289,415	200,210	12,478	6.2%	89,205	44.6%
Inter-segment elimination	(654)	(10,040)	(10,694)		(654)	N/A	(10,694)	N/A
	212,034	66,687	278,721	200,210	11,824	5.9%	78,511	39.2%

	2008-06-14 (166 days)			2007-06-16 (167 days)	Variance		Variance	
	(Comparable sales)	(Post-acquisition sales)	(Total sales)	(Comparable sales)	(Comparable sales)		(Total sales)	
	$	$	$	$	$	%	$	%
Wholesale Segment								
Retail	56,819		56,819	52,069	4,750	9.1%	4,750	9.1%
Foodservice	139,678		139,678	127,674	12,004	9.4%	12,004	9.4%
	196,497		196,497	179,743	16,754	9.3%	16,754	9.3%
Distribution Segment								
Foodservice	185,587	87,697	273,284	183,199	2,388	1.3%	90,085	49.2%
	382,084	87,697	469,781	362,942	19,142	5.3%	106,839	29.4%
Inter-segment elimination	(991)	(10 040)	(11 031)	(65)	(926)	N/A	(10 966)	N/A
	381,093	77,657	458,750	362,877	18,216	5.0%	95,873	26.4%

Wholesale Segment

The Wholesale Segment continues to experience significant sustained organic growth of 8.9% for the quarter and 9.3% for the cumulative period, at a faster pace than in the 2007 fiscal period, which was about 6.6%.

Retail

Sales of products for the retail market increased by 6% for the quarter and 9.1% for the cumulative 166-day period compared to the prior-year periods, primarily as a result of the recruitment of two new major customers by one of the affiliated-wholesalers during the third quarter of 2007 and the acquisition of a competitor by an affiliated-wholesaler in the Maritimes.

Sales in this sector are mainly to convenience stores and small-sized grocery stores, located mostly outside the greater Montréal area.
This Segment's trend is expected to continue to the end of the year since, shortly after the end of the quarter, one of the affiliated-wholesalers concluded a major distribution agreement with an integrated oil company.

Foodservice

For several quarters, organic growth in the affiliated wholesalers' foodservice sales has outpaced industry levels, anticipated to be 3.3% in 2008 according to the Canadian Restaurant and Foodservices Association (CRFA), an indication that affiliated wholesalers are continuing to increase their market share compared with their competitors. The increase was about 10% for the quarter and 9.4% for the cumulative 166-day period.
This Segment's trend is also expected to continue to the end of the year. An affiliated-wholesaler serving the Gaspé and Lower St. Lawrence region in Quebec, acquired the activities of its main competitor after the end of the second quarter.

Distribution Segment

2007 comparable sales:

Only sales in the Summit Division are comparable. Sales for the first week of January 2008, of approximately $7.5 million are not included in the comparison since the acquisition occurred on January 8, 2007. The 3.4% increase in sales during the second quarter over the prior year's sales is comparable with the CFRA's expected growth of 3.3%. For the cumulative 166-day period, sales grew by only 1.3%, primarily because of a difficult first quarter which is attributable to the economic situation in Ontario and a severe winter.

Sales attributable to acquisitions:

	2nd Quarter	Cumulative
Bruce Edmeades	$50.6M	$54.1M
Bertrand	$26.1M	$26.1M
Summit (1st week of January 2008)		$ 7.5M

Bertrand is currently experiencing strong sales growth due to the festivities surrounding the 400th anniversary of the founding of Québec City.

Inter-segment eliminations

Eliminated sales are sales by the Wholesale Segment to the Summit and Bertrand divisions of the Distribution Segment.

Earnings before Financial Expenses, Amortization and Income Taxes (EBITDA)

The Fund posted solid results in the second quarter, with an approximate 49% increase in EBITDA over the same quarter of the 2007 fiscal year and 34.7% for the 166-day period. The increase in earnings is higher than the 39.2% improvement in sales for the quarter and 26.4% for the cumulative period.

Gross Profit and Synergies

Gross profit:
Gross profit is composed of the following items:

- Wholesale Segment: profit on *gross warehouse sales only*, which consists primarily of a profit margin on private brand-name products and profit on inventory held. No profit margin is recognized on direct sales. Income is attributed on such sales for purposes of rebates from suppliers only.
  Distribution Segment: Product acquisition cost with a percentage mark-up that is market-driven or negotiated in current agreements.

- Rebates from suppliers
  A significant portion of Colabor's gross profit is derived from rebates from suppliers. These rebates consist of: (i) agreements with suppliers relating principally to distribution agreements, central billing, truck load allowance and other incentives, (ii) rebates received from suppliers based on buying volumes, (iii) cash discounts on purchases based on terms of sale, and (iv) net advertising funds received in connection with promotional activities.

EBITDA is $9.4M in 2008, up from $6.3M in 2007, primarily as a result of:

- Significant organic growth in the Wholesale Segment which generated better agreements with suppliers. Moreover, its cost structure includes a number of fixed costs, such as rent, which represents a significant percentage of operating expenses and which contributes to improving EBITDA when sales volumes are on the increase.
- The Bertrand acquisition, which has already made it possible to generate a number of sales synergies (see Integration and Synergies).

These factors helped to offset the negative effect of the following on EBITDA:

- Bruce Edmeades $150,000 operating loss since its acquisition (see Integration and Synergies).
- Skyrocketing fuel prices.

While the Summit division is able to recover fuel costs from its clients, additional net costs attributable to rising fuel costs were $250,000 for the 166-day period ended June 14, 2008 compared to the same period in 2007.

Income Taxes

The acquisition of the assets of Summit Food Service Distributors Inc. was finalized and carried out on January 8, 2007. Under the new tax regime for “specified investment flowthrough” (“SIFT”) entities, also called listed income trusts and partnerships, SIFTs are now subject to a similar tax treatment as corporations. This new tax treatment is applicable as of fiscal year 2007. However, existing SIFTs on October 31, 2006 could benefit from certain transitional rules and would not be taxable under the new rules until 2011, provided they had not undergone an “undue expansion”. As indicated in its decision rendered at the end of 2007, the Department of Finance considered the Summit acquisition transaction as an undue expansion. Accordingly, the Fund does not benefit from the transitional rules and is therefore subject to the new SIFT tax regime as of the 2007 taxation year. Since the total amount of these taxes for the entire the year was recognized only in the fourth quarter of 2007, there is no comparative amount with the second quarter and cumulative period of 2007.

6.2 Cash Flow

Consolidated Cash Flows (in thousands of dollars)

	2008-06-14 (84 days) (unaudited)	2007-06-16 (84 days) (unaudited)	2008-06-14 (166 days) (unaudited)	2007-06-16 (167 days) (unaudited)
	$	$	$	$
OPERATING ACTIVITIES				
Net earnings	1,147	1,523	1,738	2,069
Non-cash items				
Amortization of property, plant and equipment	875	798	1,521	1,443
Amortization of intangible assets	1,827	1,655	3,460	3,180
Amortization of deferred financing costs	24	19	43	38
Non-controlling interest	1,903	799	2,501	1,192
Future income taxes	934		1,193	
Compensation cost from long-term incentive plan	96	53	162	91
Amortization of debenture transaction costs	208	192	414	379
	7,014	5,039	11,032	8,392
Changes in operating assets and liabilities				
Accounts receivable	(14,151)	(5,372)	(15,741)	(11,766)
Withholding taxes recoverable	(868)	(122)	(868)	(247)
Inventory	(5,942)	(4,419)	(3,727)	5 140
Prepaid expenses	(330)	(266)	(1,171)	(575)
Accounts payable and accrued liabilities	10,074,	9,251	18,183	6,445
Income taxes payable	(692)		(605)	
Rebates payable	1,844	1,823	2,932	3,681
Deferred revenue	388	240	360	205
	(9,677)	1,135	(637)	2,883
Cash flows from operating activities	(2,663)	6,174	10,395	11,275
INVESTING ACTIVITIES				
Business acquisition	(57,640)		(70,424)	(109,048)
Property, plant and equipment	(308)	(100)	(450)	(450)
Cash flows from investing activities	(57,948)	(100)	(70,874)	(109,498)
FINANCING ACTIVITIES				
Bank loans	24,291	(2,965)	33,984	35,577
Financing expenses	(225)	,	(225)	
Distributions paid to unitholders	(2,199)	(2,655)	(4,862)	(4,940)
Distributions paid on exchangeable Colabor LP units	(913)	(1,369)	(2,282)	(2,738)
Repayment of long-term debt	(143)	(117)	(260)	(234)
Purchase of units held by the Fund for long-term incentive plan			(575)	(238)
Issue of debentures				48,000,
Issue of trust units	38,022		38,022,	24,761
Units and debentures issue costs	(1,150)		(1,150)	(1,404)
Cash flows from financing activities	57,683	(7,106)	62,652	98,784
Net change in bank overdraft	(2,928)	(1,032)	2,173	561
Bank overdraft, beginning of period	(4,672)	(1,744)	(9,773)	(3,337)
Bank overdraft, end of period	(7,600)	(2,776)	(7,600)	(2,776)

Credit Facilities

The Company has entered into a three-year agreement with a banking syndicate for operating credit facilities for an authorized amount of $100M secured by a first ranking hypothec on the Company's assets.

Under the terms of the credit agreement, the Fund is required to maintain (i) a prescribed ratio of total debt (excluding the debentures) to EBITDA less than 3.00:1.00 and (ii) a prescribed ratio of EBITDA to interest expenses greater than 3.50:1.00.

Based on the banking syndicate's method of calculation, the debt/EBITDA ratio is 1.52:1.00 and the interest coverage ratio is 4.46 times at June 14, 2008.

During the quarter, the operating credit increased by $33M to $59.8M after the April 28, 2008 Bertrand acquisition.

Distributions

In management's opinion, cash flows from operating activities and the funds from operating credits are sufficient to support planned acquisitions of property, plant and equipment, working capital requirements, monthly cash distributions of $0.0897 per unit and current income taxes and will comply with the banking syndicate's ratio requirements.

6.3 Standardized Distributable Cash

Information about standardized distributable cash has been prepared, in all material respects, in accordance with National Policy 41-201 – Income Trusts and Other Indirect Offerings published by the Canadian Securities Administrator in July 2007 and in accordance with the guidelines on disclosures in management's discussion and analysis in Standardized Distributable Cash in Income Trusts and Other Flow-through Entities, also released in July 2007 by the Canadian Institute of Chartered Accountants.

Standardized distributable cash is a non-GAAP measure and is a general indication of net cash from operations, which the enterprise may distribute to unitholders, at its discretion.

Colabor's business is subject to normal industry seasonal fluctuations due to weather conditions and holiday periods. Sales are generally lower at the beginning of the year due to lower consumer spending following the Christmas holiday season. They then increase gradually during the spring and summer months as sales of food consumed away from home increase and reach their peak in the last four months of the fiscal year, following the Colabor Exhibition at the end of September for the Wholesale Segment and, for the Summit Division Distribution Segment, as a result of purchases at the Sell-A-Rama which is also held at that time.
The Fund declares monthly distributions to unitholders of record on the last day of each month and pays the distributions on or around the 15th of the following month. The annual distribution per unit is $1.076.

The following table shows the changes in standardized distributable cash and distributed cash for the second quarter of 2008 and 2007 and the cumulative period. It also provides information since the creation of the Fund, that is, as at June 28, 2005.

Standardized Distributable Cash (in thousands of dollars)

	2008-06-14 (84 days) (unaudited)	2007-06-16 (84 days) (unaudited)	2008-06-14 (166 days) (unaudited)	2007-06-16 (167 days) (unaudited)	Since the creation of the Fund 2005-06-28
	$	$	$	$	$
Cash flows from operating activities	(2,663)	6,174	10,395	11,275	81,516
Acquisition of property, plant and equipment:	(308)	(100)	(450)	(450)	(2,985)
Standardized distributable cash	**(2,971)**	**6,074**	**9,945**	**10,825**	**78,531**
Distributions paid on units	2,199	2,655	4,862	4,940	23,683
Distributions paid on exchangeable Colabor LP units	913	1,369	2,282	2,738	15,391
Distributed cash	**3,112**	**4,024**	**7,144**	**7,678**	**39,074**
Weighted average number of units					
Units	12,504,722	9,862,341	11,187,959	9,672,465	8,605,479
Exchangeable Colabor LP units	5,087,439	5,087,439	5,087,439	5,087,439	5,087,439
	17,592,161	14,949,780	16,275,398	14,759,904	13,692,918
Standardized distributable cash per unit	**$(0.17)**	**$0.41**	**$0.61**	**$0.73**	**$5.74**
Cash distributed per unit	**$0.18**	**$0.27**	**$0.44**	**$0.52**	**$2,85**
Ratio of distributed cash to standardized distributable cash	**(104.7)%**	**66.2%**	**71.8%**	**70.9%**	**49.8%**

Negative standardized distributable cash for the quarter is primarily attributable to variations in operating assets and liabilities (See Cash Flow). This negative variation results essentially from the increase in accounts receivable and inventories in the wake of a significant increase in sales and payment, during the quarter, of current taxes mentioned in the December 31, 2007 financial statements. Distributable cash for the 166-day period ended June 14, 2008 is however $9.9 M, or $0.61 per unit.

7. Integration and Synergies

Acquisition of Bruce Edmeades and integration within Summit Division

As previously mentioned, on March 17, 2008, Colabor acquired substantially all of the net assets of Bruce Edmeades, which had sustained a loss before financial expenses, amortization and income taxes of about $2.5M during the twelve-month period prior to its acquisition.

At the time of the acquisition, management had already prepared an integration plan to achieve the operational breakeven point by the end of the 2008 fiscal year and full operating integration in 2009, equivalent to about 2.5% of sales to be realized.

The plan is summarized as follows:

a) Closure of the Kitchener warehouse and transfer of the Bruce Edmeades administrative functions to the Summit head office in London;

b) Improved efficiency and productivity at the Cambridge warehouse, by, among others:
   - Relocating restaurant clientele to the London warehouse, which already specializes in this field;
   - Relocating industrial clientele to a new industrial products warehouse (acquired at the time of the Cara acquisition);
   - Concentration of main clients such as Wendy's, Mr. Sub and Zehrs in Cambridge;

c) Review of the sales territories and improvement in delivery routes;

d) Optimisation of supplier agreements.

At the end of the second quarter, measures a) and b) have been completed and measures c) and d) are in process.

EBITDA for the quarter includes $150,000 which represents the operating loss attributable to the Bruce Edmeades acquisition, which leads management to conclude that the breakeven point will be achieved more quickly than anticipated.

Bertrand Acquisition

The integration risk is very low, since the company's management remained after its acquisition. Additionally, a new Vice-President and General Manager was hired upon the closing of the acquisition.

At the time of the acquisition, management had mentioned that estimated procurement-related synergies of $1M would be achieved during the twelve-month period following the acquisition. A number of synergies have already been achieved and are included in the quarterly results. Upon conclusion of ongoing negotiations with suppliers, management is confident it will attain the promised synergies within the expected time period.

8. Summary of Past Quarters

('000)	2008-06-14 (84 days)	2008-03-22 (82 days)	2007-12-31 (114 days)	2007-09-08 (84 days)	2007-06-16 (84 days)	2007-03-24 (83 days)	2006-12-31 (114 days)	2006-09-08 (84 days)
	$	$	$	$	$	$	$	$
Sales	278,721	180,029	279,703	195,488	200,210	162,667	$137,119	91,285
EBITDA	9,428	5,355	12,776	6,798	6,327	4,647	5,799	3,215
Net earnings	3,050	591	(3,990)	1,736	1,523	546	2,257	1,062
Basic and diluted earnings per unit	$0.09	$0.06	$(0.41)	$0.18	$0.15	$0.06	$0.39	$0.18

Readers should consider the fact that the net loss for the 114-day period ended December 31, 2007 (4th quarter) was recognized after $9,005,000 was recognized in full during that quarter, consisting of current income taxes of $2,715,000 and future income taxes of $6,290,000 as a result of the Finance Department's decision that the Fund is not eligible to benefit from the transitional rules for existing SIFTs on October 31, 2006. Accordingly, this should be taken into account when comparing results with those of previous quarters.

9. Related Party Transactions

Following the initial public offering on June 28, 2005, the Fund had indirectly acquired a 53.2% interest in Colabor LP, with the remaining 46.8% interest in Colabor LP being held by Colabor Investments Inc. ("Investments") as exchangeable Colabor LP units.
Subsequent to the Summit and Bertrand acquisitions, Investments now holds an undiluted 26% interest and a diluted 21% interest in Colabor LP, which enables it to exercise significant influence over the Fund.

Related party transactions consist of the following:

- Sales to customers controlled by the Fund's trustees, which are under the same terms as those to other customers of the Fund;

- Rebates to affiliated and preferred wholesalers of Investments at the rate of 3% of their sales, as provided in the agreement in effect until 2015;

- Until 2022, the Fund leases the building in which its head office and the Boucherville distribution centre are located from Investments;.

- Under an agreement expiring in 2015, the Fund pays fees to a subsidiary of Investments for IT services.

All of these transactions were concluded in the normal course of business and are measured at the exchange amount.

The following table presents amounts per category and period.

Related Party Transactions (in thousands of dollars)

	2008-06-14 (84 days) (unaudited)	2007-06-16 (84 days) (unaudited)	2008-06-14 (166 days) (unaudited)	2007-06-16 (167 days) (unaudited)
	$	$	$	$
Sales to customers controlled by trustees	4,132	3,611	7,180	13,075
Rebates	2,942	3,004	5,385	5,228
Rent	468	468	936	936
IT services	110	105	220	727

10. Off-balance Sheet Transactions

The Fund does not have any off-balance sheet transaction obligations.

11. Development Strategies and Outlook

The Fund's management is firmly convinced that there are major channels which could be used to increase its penetration of the food services market in Canada.

Affiliated wholesalers network in Quebec and in the Atlantic Provinces:

In light of the Wholesale Segment's organic growth in sales, as described under Results of Operations, it is clear that these loyal, entrepreneurial, customer-service-driven affiliated-wholesalers will continue to grow their market share in their respective regions.

Consolidation of food distribution services:

The Summit acquisition has made it possible for the Fund to gain a foothold in Ontario, one of the most important food services market in Canada. The Fund could acquire other distributors operating in Ontario, and use its business model to integrate any new acquisitions. This strategy has proven beneficial, for example, with the Bruce Edmeades acquisition.

The Fund could also acquire affiliated-wholesalers' networks in Quebec and in the Atlantic Provinces, as illustrated with the Bertrand acquisition. This would allow it to complete its distribution network in Eastern Canada.

Geographic expansion:

At this time, the Fund is not present in Western Canada. Since this region is experiencing the fastest economic growth in the country, there is no doubt that expansion into this region could be beneficial, although it must be considered carefully in light of the availability-of-labour issues. Additionally, a prerequisite to expansion in this region is developing a solid customer base before investing in new infrastructure.

Related sectors:

The Fund's mission is to provide its customers with one-stop shopping in the food distribution services market.

In the future, the Fund could add a meat, fruit and vegetables and packaged goods distribution network.

Convenience stores and small-sized grocery stores:

The Fund believes that, in the medium term, there will be opportunities to acquire convenience store networks currently owned by major food chains wishing to return to their original niche, serving medium- and large-sized grocery stores.

These acquisition opportunities would make it possible for the Fund to significantly increase its purchasing power and ability to generate cost savings in order to increase its distributable cash per unit through the growth of its operating revenue.

12. Risks and Uncertainties

The Fund's activities are subject to numerous risks and uncertainties that are described in detail in the Fund's Annual Information Form. In addition to those risks, the Fund wishes to emphasize the industry-related risks that could impact profitability and return on investments that are beyond management's control.

Industry-related risks that could impact profitability and that are beyond management's control:

- *Dependence on affiliated-wholesalers*
  Sales generated by affiliated-wholesalers account for a significant portion of the Fund's sales. The loss of a significant number of these wholesalers could have a negative impact on Colabor's earnings.
  This risk has been mitigated by the execution of agreements to amend the affiliate agreements to provide for an initial ten-year period, renewal provisions for two additional terms of five years and also provide for the granting of a right of first refusal by the affiliated-wholesalers to Colabor LP on their businesses and through the recent acquisition of Bertrand, one of its main customers. However, there is no assurance that Colabor LP will be able to finance the exercise of such right of first refusal. Moreover, incentives are built in the contractual relationships existing between the affiliated-wholesalers, Colabor LP and Investments to encourage the affiliated-wholesalers to increase their purchases from Colabor.

- *Absence of long-term agreements between affiliated-wholesalers and their customers*
  In accordance with general industry practice, the affiliated-wholesalers do not normally enter into long-term agreements with their customers. As a result, customers may, without notice or penalty, terminate their relationship with the affiliated-wholesalers. In addition, even if customers should decide to continue their relationship with the affiliated-wholesalers, there is no guarantee they will purchase the same volume of products or pay the same price for those products as they have in the past. Any loss of customers by the affiliated-wholesalers, or decrease in the volume purchased or the price paid by them for products, could affect the Fund's sales and have an adverse effect on its financial condition and results of operations as well as on the amount of cash available for distribution to unitholders. In the past, affiliated-wholesalers, relying on their knowledge of their respective markets, have been able to differentiate themselves from their competitors by providing personalized services to their customers, in particular flexible delivery schedules and a product line tailored to their customers' needs. In management's view, there will be no change in this regard in the future.

- *Customer Choices*
  Colabor's success also depends on the continuing interests of customers in its products. A change in customer choices could affect demand for Colabor's products.

- *Dependence on Cara*
  Subsequent to the Summit acquisition, sales to Cara (including franchisees of Cara)

represented a significant portion of the Fund's sales. The loss of Cara as customer, a decrease in purchase by Cara or a decrease in Cara's market share in the foodservice industry could have a material and adverse effect on the Fund's financial condition, business, results of operations and liquidity. This risk has been mitigated by the execution of a ten-year distribution agreement, with a five-year renewal option with Cara and through the recent acquisition of Bruce Edmeades and Bertrand.

- *Integration of acquired companies*

  While some acquisition will be managed with little change, some could result in major streamlining. Difficulties encountered with such integrations could have an impact on the Fund's results.

Return on Investment

A return on an investment in Colabor Income Fund is not comparable to the return on an investment in a fixed-income security. The return is based on many assumptions. Although the Fund intends to continue distributing its available cash to Unitholders, distributions may be reduced or suspended. The distributed amount depends on numerous factors, in particular, the inherent industry risks described above and other risks described in the Funds' Annual Information Form. Additionally, the market value of the units could drop significantly if the Fund is unable to respect its cash distribution objectives, in particular, non-compliance with the financial ratio requirements under the credit agreement described under the Cash Flow section.

13. Significant Accounting Measurements

Some of the amounts in the financial statements are based on estimates made by management using its knowledge of current or anticipated events. Significant estimates relate exclusively to the allowance for excess or obsolete inventory, accounting for rebates from suppliers, goodwill and intangible assets.

- *Allowance for excess or obsolete inventory*

  Inventory is valued at the lower of net realizable value or cost calculated using the first-in first-out method. The Fund records an allowance for obsolescence that is calculated on the basis of assumptions relating to future demand for its products and conditions in the markets in which its products are sold. The allowance, which reduces inventory to the net realizable value, is then applied against inventory in the balance sheet. Management has to make estimates and exercise judgement when determining these allowances. If actual market conditions are less favourable than management's assumptions, additional allowances may be required.

- *Accounting for rebates from suppliers*

  Colabor negotiates procurement contracts with its suppliers providing for the payment of rebates based on volumes purchased. The procurement contracts with suppliers are reviewed periodically and rebates adjusted according to prevailing market conditions.

- *Goodwill and intangible assets*

  Goodwill is the excess of the cost of an acquired enterprise over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Each year, or more often if events or changes in circumstances indicate a decrease in fair value, it is tested for impairment. The impairment test involves comparing the fair value of the Fund's business with its carrying amount. If the carrying amount of the business exceeds its fair value, the Fund compares the fair value of any goodwill relating to the business to its carrying amount. An impairment loss equal to the difference is recognized in earnings. The fair value of the business is calculated using discounted cash flows.

  Intangible assets include customer relationships and trademarks. Customer relationships are amortized on the straight-line basis over their estimated useful lives of 20 years for relationships with affiliated wholesalers and of 15 years for customer relationships with Cara. Trademarks are not amortized.

14. Controls over Reliability and Timeliness of Disclosures

To ensure that the consolidated financial statements and the MD&A present fairly, in all material respects, the financial position of the Fund and the results of its operations, it is the responsibility of management to establish and maintain controls and reporting processes and internal control over financial disclosures. The Canadian Securities Administrators' adoption of regulations for reinforcing investors' confidence, in particular Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, led the Fund to review its processes for filing these documents in 2005.

A policy on the disclosure of information provides a framework for the financial reporting process in annual and interim filings, and other reports filed or sent in accordance with securities legislation. The policy identifies important information and validates related reporting. The disclosure committee ensures compliance with this policy. The committee members reviewed the main documents filed with regulatory organizations to ensure that significant information relating to all transactions was reported on a timely basis.

Controls and Reporting processes

The preparation of the financial statements and MD&A was based on a framework of controls and reporting processes implemented by management. The design and operation of these controls and processes continue to be evaluated to ascertain their effectiveness.

The evaluation confirmed the effectiveness of the both the design and operation of controls and reporting processes. This evaluation was consistent with the control framework recognized by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) adopted by Colabor Income Fund and in accordance with the guidance of the Canadian Securities

Administrators described in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. In light of the inherent limitations of any control system, the Fund's management acknowledges that control and reporting processes cannot prevent and detect all misstatements resulting from fraud or error. However, based on the work performed, the Fund's management is able to provide reasonable assurance that important information is provided to it on a timely basis so it is able to report complete and reliable information to investors.

The financial statements and MD&A were reviewed by the Audit Committee and the Board of Trustees, who approved them prior to publication.

Internal Controls over Financial Reporting

The Fund's Audit Committee supervises the evaluation of the design of internal controls over financial reporting supporting the Fund's main transactions and accounting processes. This work serves to document, control and improve the design of internal controls.

As was the case for the evaluation of controls and reporting processes, the evaluation of the design of internal controls over financial reporting is carried out in accordance with the COSO control framework and the guidance in Multilateral Instrument 52-109. Based on the work carried out, management concluded that internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Fund's financial statements in accordance with GAAP. Tests started during the first quarter of 2008 and are continuing at this time to evaluate the effectiveness of internal controls over financial reporting. Management will use the results of these tests if it is required to report on the effectiveness of internal controls over financial reporting in accordance with Multilateral Instrument 52-109.